

## CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Citizens Republic Bancorp, Inc.

Point of Contact:	Lisa T. McNeely	RSSD: (For Bank Holding Companies)	1205688
UST Sequence Number:	116	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	300,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 12, 2008	City:	Flint
Date Repaid <sup>1</sup> :	N/A	State:	Michigan

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

During 2011, we provided \$1.6 billion of credit to commercial clients and \$456 million to retail clients for a total of \$2.1 billion, a 15% increase over 2010. We are committed to responsible lending in our communities.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

During 2011, Commercial and Industrial loan balances (including Small Business) grew by 4.7%. Indirect Consumer Marine & RV balances grew by 6.2%.

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☐ Increase charge-offs.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

From the 4th quarter of 2010 to the 4th quarter of 2011, Citizens Republic disposed of nearly \$1.3 billion in classified loans. The capital infusion of CPP funds allowed regulatory capital ratios to remain strong despite the elevated charge-off levels, allowing the bank to successfully greatly reduce its risk profile and return to sustained profitability. The greatly improved asset quality metrics resulting from this accelerated de-risking strategy has allowed Citizens to emerge from one of the worst credit cycles in banking history as a company in a position of strength, posting three consecutive quarters of profitability, growing capital organically, and confidently providing a full suite of financial services to clients throughout its footprint.